

CALIFORNIA  
COVID-19 PREMIUM REFUNDS, CREDITS  
AND REDUCTIONS REPORT

**GREAT DIVIDE INSURANCE COMPANY**

Attachment to Explanatory Memorandum

**[I] If your company writes in any lines of insurance specified in Bulletin 2020-3 and has determined no refunds are necessary, please explain and provide any relevant documents.**

**Responses for question #: 2a.**

RESPONSE:

The Company writes commercial lines insurance in California focused on specialized markets and industries. Due to the varied nature of its insureds, the Company is taking a case-by case approach to addressing the effects of COVID-19 on measures of exposure. Several of the Company's programs will likely not be eligible for premium adjustment, including:

- The Company does not expect property coverages to be impacted, as property values have remained constant, and business that are non-operational can present increased hazards.
- Measures of risk in directors' and officers' liability, employment practices liability, and similar programs have increased.
- Professional liability insurance for lawyers and accountants will not be substantially impacted, as operations generally have continued and measures of risk have not been significantly affected.
- Many of the Company's professional liability and medical malpractice programs are written on a claims-made basis, and therefore, COVID-19 likely will not impact claims activity during the relevant period.
- Certain entertainment-related programs are written on a minimum premium basis and are therefore not eligible for relief.

**[II] If your company writes in one of the lines specified in Bulletin 2020-3 and has issued refunds for your policyholders, please explain all actions taken to date to refund premium in response to or consistent with this Bulletin.**

**Please include California-specific information and an explanation and justification for the amount, effective date, and duration of any premium refund, and how those measures reflect the actual or expected reduction of exposure to loss.**

**Please provide any relevant documents.**

**Responses for question #: 2b, 4, and 5.**

RESPONSE:

The Company's commercial liability business in California varies significantly by industry focus, as well as in potential impact of COVID-19 on specific classes of insureds. The Company is taking a case-by-case approach to assessment of any reductions in exposure and risk of loss.

The following describes actions taken and/or contemplated in response to COVID-19, as appropriate and consistent with policy language:

- Issuing communications to policyholders and/or their insurance representatives advising that they may contact the Company to discuss any available premium adjustments arising from changes to their operations and the related measures of exposure and risk of loss, as appropriate and consistent with the terms of the relevant insurance policy.
- In appropriate cases, processing mid-term endorsements and audits to account for reduced exposure, with associated refunds or premium credits.

With regard to commercial automobile coverages, the following describes actions taken and/or contemplated in response to COVID-19, as appropriate and consistent with policy language:

- Issuing communications to policyholders and/or their insurance representatives, as appropriate, advising that they may contact the Company to discuss any available premium adjustments arising from changes to their operations and the related measures of exposure and risk of loss, as appropriate and consistent with the terms of the relevant insurance policy.
- Making exposure adjustments which may include, but are not limited to:
  - “Lay-up” or suspension of coverage for specified vehicles pursuant to endorsements, with associated premium reduction.
  - For policies written under monthly reporting plans, automatic premium adjustments are recorded monthly to reflect any changes in exposures, in some cases these are subject to contractual minimum premium requirements.

The Company’s workers’ compensation business varies in terms of insured employers’ size, business, risk profile and numerous other factors. The primary measure of exposure is employee payroll. The Company is utilizing a case-by-case approach to address reduced operations and classification changes resulting from COVID-19. Actions taken and/or contemplated include the following:

- Issuing notices to policyholders and/or their insurance representatives, as appropriate, advising that they should work with their insurance representatives or contact the Company directly to report reductions in exposure or classification changes.
- Processing requests for mid-term endorsements for decreased payroll, change in work location, and change in type of work performed. Policies on annual payment or installment plans may receive indicated credits or refunds, as appropriate.
- Processing automatic adjustments for changes to insured exposure for business on monthly reporting plans.
- Processing policyholder’s requests for changes to payment plans, as appropriate.

The Company offers a medical malpractice program focusing optometrists. While COVID-19 has restricted the ability of policyholders to practice, many have continued to perform emergency services and telemedicine. A uniform methodology is appropriate for this program in the amount of a 50% reduction in premium for the period of the emergency declaration.